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**FONG REFINANCES \$273 MILLION IN PUBLIC WORKS BOARD BONDS**  
*Sale will save \$14.6 million*

SACRAMENTO -- Treasurer Matt Fong refinanced \$273 million worth of state Public Works Board bonds Wednesday in a sale that generated \$14.6 million in savings for California taxpayers.

Today's sale refinanced \$89 million worth of California State University lease revenue bonds, \$144 million worth of University of California lease revenue bonds and \$40 million worth of lease revenue bonds from the Department of Corrections. By refinancing the five series of bonds at a lower interest rate, today's sale will save an estimated \$14.6 million in lower debt service payments on bonds issued previously for various purposes, including campus facility leases.

The bonds sold today are the first of Treasurer Fong's 1997 master refunding plan. Like a similar plan last year, the Public Works Board master refunding consolidates much of the preparatory work for a group of bond sales and allows Fong to sell the individual issues when market conditions would yield savings for taxpayers. Last year's master refunding saved taxpayers \$33 million.

"By watching the market and capitalizing on lower interest rates, we can refinance our bonds and reduce the taxpayers' cost of borrowing," Fong said. "The master refunding plan gives us the ability to sell when market conditions are right and ensure taxpayer savings. That's good news for the people of California."

The bonds were sold in a negotiated sale by a team of underwriters led by Bear, Stearns & Co. and co-managed by Alex. Brown & Sons, Artemis Capital Group, J.P. Morgan & Co., Lehman Brothers and Stephens Inc. Orrick, Herrington & Sutcliffe, LLP and Joaquin A. Talleda acted as co-bond counsels and the Public Resources Advisory Group served as pricing advisor. Some portions of the bonds were insured by either AMBAC or MBIA.

debt service by taxpayers/students

TIC CSU 97A 5.23

CSU 97B 5.47

UC 97A 5.46

UC 97B 5.66

DoC 97D 5.05

gross savings estimate \$14.6 million

projects? too many?

part of 1997, first sale

5 series

273 million par amount